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14 January 57

MEMO FOR RECORD

SUBJECT: Lunch with Henry Heuser, ICA, Rome

Mr. Heuser is back on a week's visit in connection with the aid program for Tunisia and Morocco. He expects to spend another year in Rome on his present assignment.

We discussed my briefing of Ambassador Zellerbach and the Italian situation in general. His views remain substantially as reflected in my trip report. I asked him his views concerning Mr. Rosenstein-Rodan. They were on the whole somewhat uncomplimentary. He feels that Mr. Rodan is a qualified expert on the Italian economy but has inflated that expertise in the political field beyond its merits. He also expressed some reservations as to his views on the petroleum law.

With respect to the North African aid program, Mr. Heuser pointed out that in 1956 the French contribution to Tunisia was of the order of 125 million dollars. The total American aid program, even at the maximum, would be less than 10% of this amount. He said that American policy was to insure the continuing French "presence" in the area. On the one hand, our aid is intended to provide some basis for the local governments to stand up against the French in their negotiations, and on the other hand, to reassure the French that we are still with them in the support of the area.

With respect to Italy, Mr. Heuser said that our aid contribution is now a relatively small factor, although offshore procurement still is of sizeable magnitude. The basic question is whether the Italians themselves shall control the application of American aid in investment programs or whether we will attempt to exercise a controlling influence. He felt that we are gradually progressing to a more detached and objective view. He expressed the hope that he would be able to deal more directly with the new Ambassador than had been the case with his predecessor in such matters. I stated my impression that the new Ambassador approaches his task with a rather detached and objective view of the situation.

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